

Section 1 Local Assistance Projects and Projects Funded by Others

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9-101 General

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This section covers the policies and procedures for the construction engineering and inspection of local assistance projects that include federal financing and projects on the state highway system that others fund. Local assistance projects can generally be described as those projects that require a cooperative agreement between a local agency and Caltrans. They also involve the expenditure of federal funds or State Highway Account funds. Projects “funded by others” (special funded programs) are those state highway projects financed with funds other than state and federal highway monies. These projects also require a cooperative agreement. Depending on the nature of the project and the costs involved, the project can be built under either a permit or cooperative agreement. Consult the *Caltrans Cooperative Agreement Manual* for the formats and procedures for preparing cooperative agreements.

Local assistance projects are either state administered or locally administered. Projects funded by others are either Caltrans administered, locally administered, or privately administered by a sponsor.

9-102 Caltrans Administered Local Assistance Projects

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Caltrans administered local assistance projects should follow the *Construction Manual* (manual) and the current Caltrans *Standard Specifications* and *Standard Plans*. Whenever Caltrans advertises for bids, opens bids, and awards the contract, the project (including construction engineering) is considered “state administered.” Normally, Caltrans personnel perform the construction engineering. However, arrangements may be made to staff the project with local agency personnel, or a combination of the two. In the latter case, the district (not the local agency) must ensure that such a project is properly staffed. Under no circumstances must the district allow such a project to be inadequately staffed simply because the local agency does not furnish the expected personnel.

Charges for Caltrans personnel on a “state administered” project are made against the expense authorization in the same manner as for all Caltrans projects. Using this charging method means that the local agency shares the engineering costs per the cooperative agreement. Charges for local agency personnel on “state administered” projects are also charged against the project and shared in accordance with the cooperative agreement between the local agency and Caltrans. The method of charging the project for local agency personnel may vary depending on the agency and the agreement.

Perform construction engineering for state administered local assistance projects in the same manner as for other state highway projects, except for the handling of contract change orders.

9-102A Contract Change Orders

The district local assistance engineer will determine eligibility for participation in federal or state financing and will ensure that the headquarters' and district's copies of all contract change orders are marked as "participating," "participating in part," or "nonparticipating." Consult with the local agency to ensure that it will accept its share of the costs. Subsequently, either headquarters or the district will approve the contract change orders in accordance with Section 5-3, "Contract Change Orders," of this manual. See Section 5-3 for a list of normally nonparticipating items.

For more information, see Chapter 16, Section 16.13, "Contract Change Orders," of the *Local Assistance Procedures Manual* (LAPM).

9-103 Locally Administered Local Assistance Projects

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Whenever a local agency advertises for bids, opens bids, and awards the contract, the project (including construction engineering) is considered "locally administered." Local agency personnel perform the construction engineering unless arrangements are made (before the award) to staff the project with Caltrans personnel. When Caltrans personnel staff the project, charge the project for construction engineering costs (not including the costs for the district local assistance engineer) in accordance with the local agency-Caltrans agreement.

For the detailed procedures that local agencies must follow when administering these construction projects, see Chapter 15, "Advertise and Award Project," and Chapter 16, "Administer Construction Contracts," of the LAPM.

Construction engineering for locally administered local assistance projects must be performed in accordance with the LAPM.

For an overview of the role Caltrans staff can be requested to play in administering local assistance projects, consult the *Enhanced Services Program Plan* (available through the district local assistance engineer).

9-104 Projects Funded by Others

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Handle as encroachment permits any projects on the state highway system funded by others costing \$1,000,000 or less and classified as public utility projects.

Projects on the state highway system funded by others costing more than \$1,000,000 are covered by a cooperative agreement with the local agency, or in the case of a private project sponsor, by a highway improvement agreement. These agreements will specify responsibility for advertising, award, administration, and construction engineering.

On contracts administered by local agencies or private sponsors, the project sponsor and the construction contractor must obtain encroachment permits before performing any work within the state highway right-of-way.

9-104A State Administered Projects Funded by Others

When a local authority uses sales tax revenues to fund a project requiring work on a state highway, Caltrans may advertise, award, and administer the construction contracts at the discretion of the district director. The authority must accept the processing procedures and scheduling normally applied to regular Caltrans highway projects because the measure projects will be processed along with regular State Transportation Improvement Program (STIP) projects.



When Caltrans administers a construction contract, use the Caltrans claims process in consultation with the fund provider. For more information about this process, refer to Section 5-4, “Disputes,” of this manual.

The agreement must state that the fund provider will abide by the outcome of the Caltrans claims process.

9-104B Advertisement and Administration by Others

A local entity that advertises and awards contracts will also administer contract payments. Caltrans will review the advertisements and awards as outlined in the LAPM and the *Local Assistance Program Guidelines*.

9-104B (1) Construction Oversight

To ensure compliance with applicable state and federal regulations and Caltrans’ standards and practices, Caltrans must oversee the contract administration of construction contracts administered by others. This oversight means Caltrans must provide policy and procedural direction to non-Caltrans organizations, personnel, or companies administering construction contracts on projects under encroachment permit on the state highway system. Caltrans must also provide such direction for similar organizations and personnel for projects that will become part of the state highway system in the future.

Caltrans oversight must also include the following:

- Reviews and written concurrence of change orders that modify the plans or specifications or impact public safety and convenience.
- Assistance in evaluating the local entity’s or private sponsor’s construction inspection capabilities, consultant selection, or both.
- Periodic on-site field reviews and consultations.
- Reviews of contract progress pay schedules prepared by the local entity’s consultant without assuming responsibility for the accuracy of itemizations on progress pay schedules.

District construction must provide a Caltrans representative to be responsible for the oversight of work performed under the encroachment permit. The Caltrans representative must work through the local entity’s or private sponsor’s resident engineer. When the encroachment permit involves a structure, a representative from Caltrans Office of Structure Construction will oversee this work. Normally, the Caltrans representative will not be a permanent field site representative.

The Caltrans oversight of contract administration must also include independent assurance inspections and reviews and Caltrans representation in approving or disapproving workmanship and materials provided by the construction contractor. When public safety is jeopardized, the Caltrans representative will have the authority to stop the contractor’s operation wholly or in part or take other appropriate action.

9-104B (2) Change Orders

For construction contracts not administered by Caltrans, Caltrans must still review and give written concurrence (or denial) of all change orders related to public safety, public convenience, and design or specification changes for work within the state’s ultimate right-of-way. Review design changes with the original designer and the district’s design oversight coordinator.

9-104B (3) *Claims*

Each construction contract will provide a claims process. When the local agency administers the contract, claims can be completed through the local agency's claim process. If the local agency does not have a claims process, one must be developed. As a model, the local agency can use the claims process outlined in Section 9-1.07B, "Final Payment and Claims," of the Caltrans *Standard Specifications*, but use local officials rather than Caltrans personnel. In any claims process, the Caltrans representative must be available to the local agency to provide advice and technical input.

The local entity must also provide for arbitration. As a guide, the local agency can use the arbitration process outlined in Section 9-1.10, "Arbitration," of the *Standard Specifications*.

9-104B (4) *Bonding*

On locally funded projects, local entities will not be required to provide a bond. If the local entity administers the construction contract, its contractor must provide two contract bonds in the local entity's name, with these bonds conforming to the requirements in Section 3-1.02, "Contract Bonds," of the *Standard Specifications*. Bonding is not required on toll road projects that are not on the state right-of-way.

If the private sponsor administers the construction contract, its contractor must provide two contract bonds conforming to the requirements in Section 3-1.02 of the *Standard Specifications*, naming only the state as obligee. If the private sponsor does not have a prime contractor for all the work in the Caltrans right-of-way, then each contractor working for the private sponsor in the state right-of-way must provide the bonds or the private sponsor may provide the bonds.

9-104B (5) *Materials Inspection*

Contracts administered by local agencies or private sponsors must provide for acceptance samples and tests as required in Chapter 6, "Sampling and Testing," of this manual. Acceptance testing will include full administration of sampling, testing, inspection, and acceptance of those materials and processes involved in the work described in Chapter 6 and elsewhere in this manual. Caltrans remains responsible for independent assurance tests, special tests, and source inspections.

The local entity or private sponsor must also do the following:

- Provide required documentation.
- For source inspection, follow the requirements of Section 6-2, "Acceptance of Manufactured Material and Sampling Methods," of this manual.
- Be responsible for primary contract acceptance sampling and testing.
- Before project acceptance, transmit to Caltrans all acceptance test records.

The district materials unit remains responsible for certain inspection and oversight activities, such as independent assurance tests and specialty tests. The Office of Materials Engineering and Testing Services will remain responsible for source inspection (off-site). Assurance tests, special tests, and source inspections must be considered as oversight. The Division of Construction will handle type approval of asphalt and concrete plants.

9-104B (6) *Surveys*

Construction surveys can either be addressed in the construction contract or performed separately by the local entity's staff or by a consultant hired by the local entity or private sponsor. These options are available regardless of which agency or private sponsor administers the construction contract.

Whichever agency does the engineering for the right-of-way maps must install the right-of-way monumentation and file the monumentation or record of survey maps with the county surveyors' office. Contract plans must include a "construction control" plan sheet, which must show Caltrans basic control points used to establish project control.

The district surveys unit must oversee field surveying. The district right of way unit must oversee the record of survey maps showing the new right-of-way lines.

9-104B (7) *Insurance*

Contractors working on projects with construction costs over \$1,000,000, under an encroachment permit (except for public utilities), must have contractual liability insurance as outlined in Section 7-1.12, "Indemnification and Insurance," of the *Standard Specifications*. If the private sponsor does not have a prime contractor, then the private sponsor can provide the insurance policy. Before issuing the encroachment permit, the district must receive proof of the insurance policy. On locally funded and privately sponsored projects, the minimum policy limits must be those stated in Section 7-1.12.